

# **CARD MANAGEMENT SYSTEMS**

## **FOR**

### **FEDERAL AGENCIES**



## **A PRELIMINARY MODEL**

**DRAFT**  
**11/13/98 10:08 AM**

# CARD MANAGEMENT SYSTEMS FOR FEDERAL AGENCIES

## A PRELIMINARY MODEL

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## 1. Purpose

The purpose of this document is to present a minimum set of financial functional requirements to inform and guide developers of systems intended to provide card management support capabilities to Federal agencies using cards for purchasing. It is intended to be instructive, not prescriptive. No attempt is made to determine or imply systems design or configuration. The financial functional requirements are described as capabilities for a conceptual environment of card management support services related by common data. To simplify terminology in this document, this conceptual environment is labeled a "Card Management System".

Emphasis is placed on functions that enable the users of a Card Management System to interact with each other and prepare or receive data for budget execution, invoice reconciliation, and expense reporting purposes. Particular emphasis is placed on interfaces between agency financial management systems and Card Management Systems.

(NOTE: This document borrows heavily from the GSA, Federal Supply Schedule Contracts for Fleet, Travel, and Purchase Card Services for terminology and data definitions. The mandatory requirements of those contracts describe functions for "electronic access systems", many of which, but not all, are restated here as Card Management System functional requirements. The guidance herein contains some additional data and functional requirements to enable financial management and financial system interface needs, but they are distinct from and should not be confused with contract requirements. However, a complete Card Management System should satisfy the functional requirements described here and those described the GSA contracts.)

## 2. Introduction

The advent of credit card usage for purchasing by the Federal Government has changed the face of Federal procurement and introduced a new set of challenges for financial managers. Currently, accounts payable organizations are faced with managing the reconciliation and payment of credit card invoices, some covering hundreds of card holders and thousands of transactions. As card usage increases, fund managers will be faced with exercising budgetary control over credit card purchases without creating undue burdens that defeat the beneficial effects of purchase card usage. In addition, program managers are demanding the proper distribution and reporting of costs represented by these transactions to the cost centers they manage.

Current policy encourages the use of cards for payments in larger and larger amounts, increasing the concerns of financial managers over the integrity of the process around card transactions. Further, the Government is moving forward with a program for widespread use of cards for intra-governmental transactions.

Only a few agencies have created automated systems to address the financial management and reporting of card usage. Since there is no uniform Federal policy relating to card management, those systems vary greatly in purpose and capability, reflecting only the policies and procedures of the implementing agency. With the advent of the GSASmartPay program, participating vendors are offering a variety of automated

systems for agency use to manage card usage. Since these were developed without uniform Federal policy, they too vary significantly in purpose and capability.

Regardless of the source, card management systems are not integrated with the financial management systems of an agency. For card transaction information to be reported through an agency financial management system, the card management system must pass properly coded card transaction data to the agency financial management system for subsequent processing. This requires automated interfaces between the two systems. Defining the requirements for these automated interfaces depends on the capabilities of the card management system, the financial policies and procedures of an agency, and the data processing requirements of the agency financial management system.

Given the large number of financial management systems in use by the Federal government today and the disparity in agency policies and procedures, defining and building card management systems and interface software could become a growth industry. The Government needs to provide a statement of uniform minimum requirements to bring some order to this process.

### **3. Background**

Purchasing goods and services using purchase cards is a strategy for reducing workload and improving responsiveness in the acquisition/payment process. Workload is best understood by looking at the number of transactions among the participants involved in the procurement/payment process. An examination of the standard procurement/payment process, shown at Figure 1, indicates a large number of transactions among the participants who are in program, budget, acquisition, accounts payable, disbursement, and merchant organizations.

Each transaction between two parties takes time and work. The sending party must prepare the transaction document (or equivalent) in a form the receiving party will understand. The receiving party must read and understand the information, then perform some activity and/or add information for succeeding activities.

Most of these transactions are eliminated using cards for purchasing. (See Figure 2)

Government transactions in the standard process are based on the following functions designed to provide statutory, regulatory, managerial and fiscal control:

Identification and Documentation of Need	(Program Office)
Obtaining Purchasing and Funding Authority	(Program Office/Budget Office)
Ordering Goods/Services	(Acquisition Office)
Receiving and Acceptance of Goods/Services	(Program and Acquisition Office)
Invoice Receipt and Processing	(Accounts Payable Organization)
Certification of Payment	(Accounts Payable Organization)
Funds Disbursement to Vendor	(Disbursement Organization)

Not surprisingly, the functions of the standard process are still performed, but they have been moved in terms of organizational responsibility and means of performance.

Identification and Documentation of Need	(Program Office)
Obtaining Purchasing and Budget Authority	(Program Office\Cardholder)
Ordering Goods/Services	(Program Office\Cardholder)
Receiving and Acceptance of Goods/Services	(Program Office\Cardholder)
Invoice Receipt and Processing	(Program Office\Cardholder)
Certification of Payment	(Program Office\Cardholder)
Funds Disbursement to Vendor	(Acquirer)

After the program office establishes a cardholder account with spending limits, most activities take place within the program office itself. Someone in the program office identifies a business need and conveys that need to the cardholder. The transaction may be a simple note, an email message, or some other informal communication. If the amount of the transaction is significant, the cardholder may seek prior approval from an approving official and/or a budget officer. The cardholder generally keeps records relating to the reasons for the purchase, when, where, what was purchased, and who requested and authorized it, to satisfy management inquiries or for later inspection in random audits. The cardholder places the order in any number of ways, including going to a vendor's place of business and picking up merchandise. The cardholder assures receipt of acceptable goods, and works out any disputes with the vendor. The equivalent of certification of payment is that the cardholder does not dispute the transaction when reconciling the periodic cardholder statement. Overseeing the cardholder is an approving official, usually in the program office, whose responsibility is to assure the propriety of cardholder activities. The vendor receives payment from the acquiring financial organization servicing the vendor's merchant account, not the government.

Simply put, a lot of work and responsibility that was shared among acquisition, budget and finance has been transferred to the program office, and particularly to the cardholder. Workload has been reduced considerably, but the bulk of the remaining workload is concentrated in program offices and distributed among cardholders.

In addition, some new problems arise. Accounts payable gets a periodic invoice (or equivalent) from the card issuer. This invoice may represent the transactions of many cardholders and hundreds of transactions totaling a material amount. The degree of the problem for paying the invoice for the accounts payable organization depends on the agency's policy for accountability for reconciliation of the invoice.

Some agencies rely entirely on the cardholder/approving official to assure reconciliation, without requiring positive acknowledgement to the accounts payable organization. Accounts payable simply pays the invoice as rendered, and seeks adjustment only if a cardholder reports an unresolved dispute. At the other extreme, some agencies require each cardholder/approving official to positively acknowledge reconciliation of cardholder statements to accounts payable, then the accounts payable organization matches each reconciled cardholder statement to the invoice before payment, making adjustments before payment for any unresolved disputes. This latter case introduces a considerable

# Standard Small Purchase Process

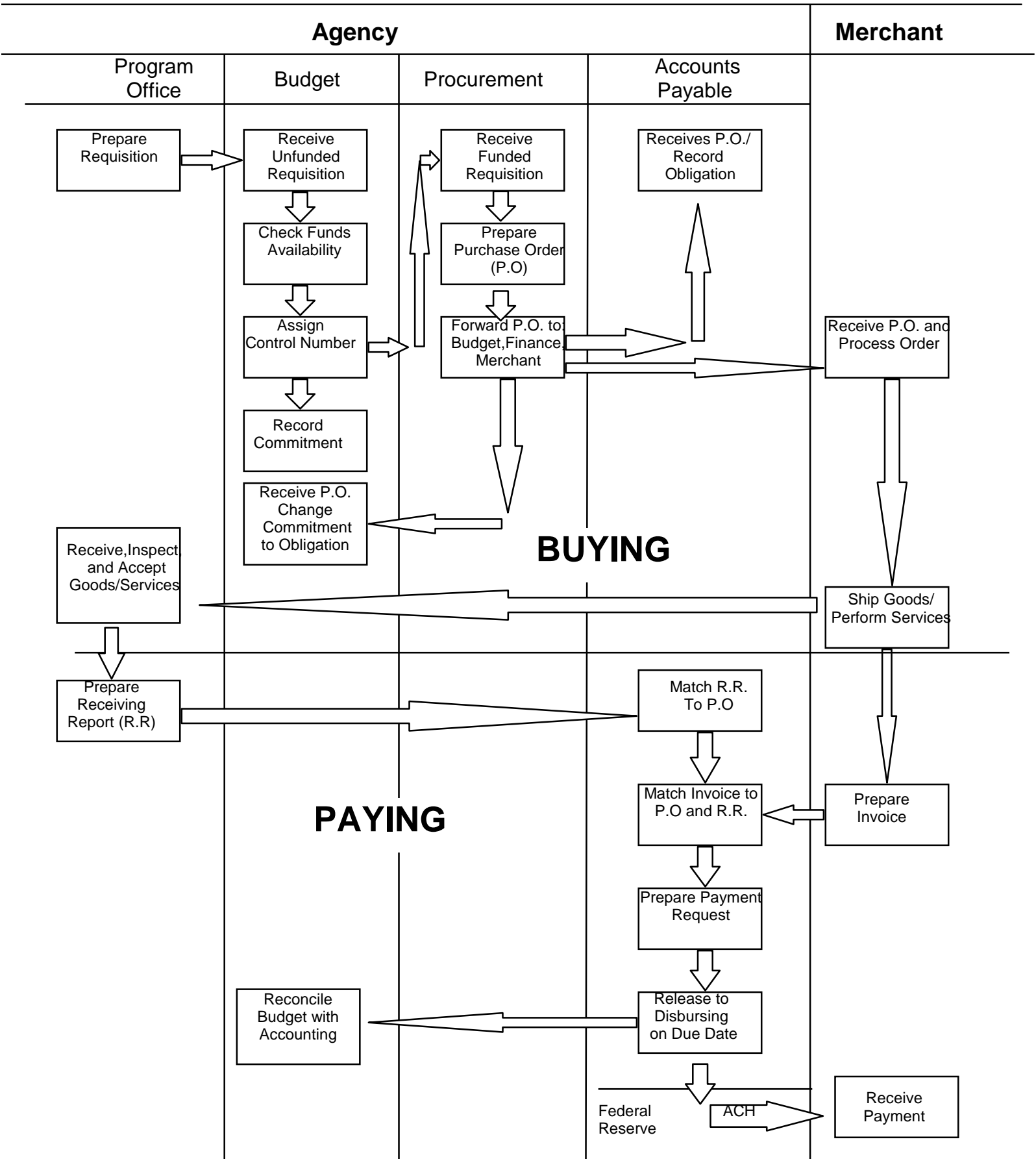


Figure 1

# Small Purchase Process Using Cards

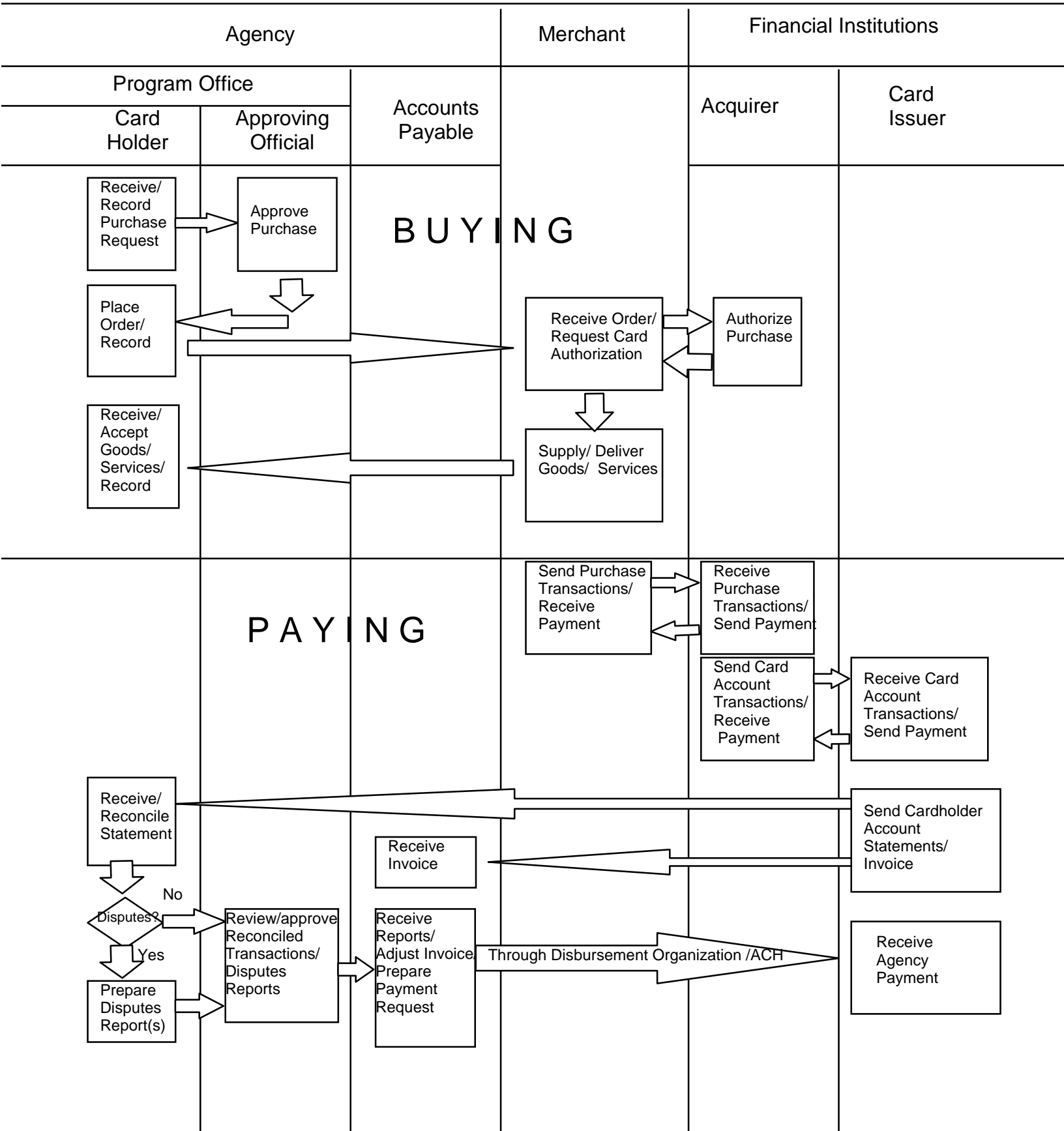


Figure 2

management and workload problem for both the cardholder/approving official organization and the accounts payable organization.

Also, the transactions on the invoice represent expenditures for specific accounts. The costs represented by these transactions must be distributed to the cost centers to which they belong. For most transactions this does not represent much of a problem, since each cardholder account is associated with default accounting classification and cost accounting information. However, if the default is inappropriate for classifying the purchase, the appropriate classification must be applied by some means.

Finally, in the case of transactions for larger amounts, an agency may find it necessary to make budgetary entries in their financial accounting system prior to the purchase. These open orders are usually identified within the accounting system with some type of control number. The card transaction representing settlement of an open order must be matched to it by some means to liquidate the budgetary entry.

Lack of appropriate tools to assist the cardholder/approving official in managing their card related workload, and to deal with growing budget execution, invoice reconciliation, and cost distribution problems is a major impediment to the continued expansion of card usage by the Federal government. Some agencies and vendors have recognized this need and responded by developing software and telecommunications capabilities to address these problems as they see them. The resulting capabilities are impressive, but incomplete.

#### **4. The Primary Environment for Card Transactions**

To describe the functional, data, and interface requirements for card management systems, it is necessary to describe the primary environment for card transactions.

The primary environment is the extended electronic network that interconnects merchants, acquirers, and card issuers enabling the use of cards for purchasing. This network is completely separate from any government system or network, nor does the government have direct access to it. In general terms the components are:

- |             |  |
|-------------|--|
| Merchant    | - a vendor that accepts cards in payment for goods/services. The merchant has an account with an acquirer.   |
| Acquirer    | - a financial organization that processes card sales transactions and provides payment to merchant accounts. This organization also collects, stores, and makes available information about the merchant to others on the network. |
| Network     | - the telecommunications components of the network. This component electronically links systems of merchants, acquirers, and card issuers, and transports the data representing card transactions among them.                      |
| Card Issuer | - a financial organization that issues cards to buyers, services   |



buyers' accounts, and collects/distributes funds from buyer's organizations to reimburse acquirers for payments to merchants. This organization also collects, stores, and makes available information about the cardholder to others on the network.

- Card - a device issued to a buyer by the card issuer. It (or the account number on it) is the means of identification of the buyer within the environment and allows the buyer access to the environment through the merchant's system to make a purchase.

#### 4.1 General Process

When a purchase is made using a card, the cardholder presents the card to a merchant, and the merchant requests an authorization from the network for the card to be used in the purchase. (More and more frequently that is done by swiping the card through network connected point of sale machines.) Upon receiving authorization, the merchant accepts the card sales draft in payment, delivers the goods or services and the sale transaction is complete. The merchant receives monetary payment later.

The acquirer buys (acquires) the merchant's card sales drafts. Periodically, usually nightly, the acquirer runs a payment cycle, and pays the merchant by crediting the merchant's account for the amount of the card sales transactions for the period. Also, as part of this payment cycle, the acquirer passes the transactions through the network to the card issuer's system where they are accumulated. Periodically the card issuer invoices the cardholder's organization for the amount of all transactions accumulated against the cardholder's account for that period. (Settlement between the issuer and acquirer is an involved process that, while important, is not relevant to the purposes of this document.)

#### 4.2 Transaction Data

Commercial card transaction data varies in terms of detail provided. There are three levels of detail in use today:

*Level 1 Data* - Transaction data which includes the total purchase amount, the date of purchase, the merchant's name, city/state, debit/credit indicator, date charge/credit was processed, processing/ transaction reference number for each charge/credit, and other data elements as defined by the Associations or similar entity.

*Level 2 Data* - In addition to Level 1 transaction data, data about each purchase which includes merchant category code, sales tax amount, accounting code, merchant TIN, minority/ women owned business codes, 1099 status and merchant zip code, and other data elements as defined by the Associations or similar entity.

*Level 3 Data* - In addition to Level 1 and 2 data, full line-item detail which includes unit costs, quantities, unit of measure, product codes, product descriptions, ship to/from zip codes, freight amount, duty amount, order date, discount amount, and order number, and other data elements as defined by the Associations or similar entity.

Level 1 data is available for every card transaction. Level 2 data is increasingly available as the acquirers, Associations and similar entities obtain the required data from the merchants they service. Level 3 data is relatively rare.

Regardless of level, transaction data that is accumulated in the card issuer system is the basic data available to government agencies regarding card usage. However, in its raw form that transaction data is insufficient for accounting and management purposes. To be useful, that data must be electronically acquired from the card issuer's system, and placed in a secondary environment that will allow the data to be viewed, associated, augmented and transformed to meet financial management requirements, and administrative and management information needs. The same environment should support card program administration and communication between the card issuer and a government agency.

## **5. Card Management System Description**

This secondary environment is a "Card Management System", the financial functional requirements for which are defined in this document. It has three essential parts:

### **5.1 Interfaces with the card issuer's system:**

This part of the Card Management System provides the capability to exchange data between the card issuer's system and the applications supporting cardholders, approving officials, card program administrators, financial personnel (budget and finance), disputes officials, and the issuer's support personnel. Through these interfaces are provided data for establishing and maintaining the cardholders' master account records, data about disputes, orders for goods and services available from the issuer, and transaction data from the primary environment.

### **5.2 Applications:**

This part of the Card Management System is the combination of software and telecommunications providing users the capabilities to enter, store, manipulate, and report data in the card management system. This is the area of the system that directly supports preparation and presentation of data for reconciliation, expense reporting, and budget execution, as well as card program administration. Functional requirements in this part are defined in terms of system user support functions and data management functions.

### **5.3 Interfaces with financial management systems:**

This part is the Card Management System formats data into transactions for entry into a financial management system. These transactions fall into two categories, budgetary transactions and expense reporting transactions. Functions in this area always include extraction of transaction data from the Card Management System and transmission to an environment containing a financial management system. This

document describes the data that must be extracted for each transaction to enable each type of interface to financial management systems, and those interfaces are described by financial management function.

While this information is useful, and creates the basis for standardization at the level described, this information is not sufficient to enable a developer to complete the design of effective financial management system interfaces.

Specific requirements for final formatting of transaction data, and in what environment this should take place is highly dependent upon the requirements of the target financial management system and its environment. The implementing agency and/or the COTS vendor that developed the financial management system must provide those requirements.

## **6. Card Management System Requirements (Commercial Transactions)**

### **6.1 User Support Functions**

#### **6.1.1 Card Holder Support Functions**

6.1.1.1 The Card Management System must allow the cardholder to create and modify transaction records for planned and ordered purchase transactions. Some systems call this function “logging”. Data captured should include the name of the requester, items or service being bought, vendor selected, date the order was placed, expected cost, accounting classification and cost accounting information to be used (if not the default), and notes the card holder deems relevant to understanding and justifying the purchase. In addition, the Card Management System must allow the cardholder to record an obligating document number for any transaction requiring individual funds control, and to indicate whether or not the transaction represents final payment of an open order.

6.1.1.2 The Card Management System must allow transactions for services to be identified, either by predetermined criteria, or as the default, by cardholder entry to indicate the transaction is for services. In the case of mixed service/merchandise transactions, the amount for services must be able to be determined by the system, or as the default, entered by the cardholder. The purpose is to support tax information reporting requirements (1099 Misc.).

6.1.1.3 The Card Management System must be able to associate actual transaction records received from the primary environment to records previously created by the cardholder for planned and ordered transactions. The system should use predetermined criteria for matching and, as the default, by cardholder entry to indicate a match. The purpose is to aid the cardholder in the statement reconciliation process.

6.1.1.4 The Card Management System must allow the cardholder to enter any data for an actual transaction record that was not provided to the agency by the card issuer.

6.1.1.5 The Card Management System must enable the cardholder to reconcile the periodic statement for the cardholder’s account. Specifically, the cardholder must be able to record acceptance or dispute of each transaction associated with a statement, and convey information about the successful, partial, or unsuccessful statement reconciliation to the cardholder’s approving official and the accounts payable organization of the agency. In addition to associating transactions with a specific cardholder’s periodic statement, the system must be able to associate all cardholder periodic statements with a specific periodic invoice received by the accounts payable organization of an agency.

6.1.1.6 The Card Management System must allow the cardholder to properly document and report a disputed transaction or a billing error, and forward the report to the appropriate agency officials, and to the card issuer. The report should be signed and sent electronically.

6.1.1.7 The Card Management System must allow the cardholder to change the accounting classification and cost accounting information in a transaction record at any time before acceptance and reconciliation. In addition, when the cardholder is buying for

more than one accounting cost entity with a single transaction, the Card Management System must allow the card holder to split a transaction record into two or more records in order to distribute the total original transaction cost. The cardholder must be able to enter appropriate accounting classification and cost accounting information for each resulting record. The distributed costs must equal the total of the original transaction amount.

6.1.1.8 The Card Management System must allow the cardholder to view the current cardholder's account status in relation to limits placed on the account. A display should indicate to the cardholder the total actual and ordered amounts outstanding and remaining balance, and the total amounts of planned transactions and the arithmetic unplanned balance in excess of actual and ordered under the account's limitations (this may be a negative number). This is to help the cardholder manage the account within limitations established for it.

6.1.1.9 The Card Management System must allow the cardholder to update information in the master record for the cardholder's account that does not effect control of the account. Such information would include the cardholder's business address, telephone number, email address, and any other personal information which is subject to change in the normal course of business. The purpose is to avoid concentrating the burden for maintaining non-critical data in the card administration function.

## **6.1.2 Approving Official Support Functions**

6.1.2.1 The Card Management System must allow the approving official to review all records about cardholder accounts for which the approving official is responsible. This includes the master record, balances, and data for all transactions whether completed, ordered or planned.

6.1.2.2 The Card Management System must allow the approving official to approve individual transactions for each cardholder account for which the approving official is responsible. This ability should include planned, ordered and completed transactions. In addition, the Card Management System must allow the approving official to approve all transactions for a specific cardholder statement as a group (statement approval), which must have the same effect for each transaction on the statement as though it was approved individually.

6.1.2.3 The Card Management System must allow the approving official to review a periodic statement reconciled by a card holder and record acknowledgement and acceptance of the cardholder's reconciliation. This is a function distinct from transaction or statement approval in which the approving official is acknowledging funding and management authority for the transactions. However, approving official approval of a cardholder's statement reconciliation is positive acknowledgement of funding and management authority for each of the transactions on the reconciled statement and must be reflected accordingly in the Card Management System.

6.1.2.4 The Card Management System must allow the approving official to record concurrence in reports of dispute or billing error prepared by card holders, to add additional information to a report, and forward the report to the appropriate agency officials. This should be done electronically.

6.1.2.5 The Card Management System must allow designation of more than one approving official for each cardholder account to allow approval functions to take place during the absence of the cardholder's regular approving official.

### **6.1.3 Fund Managers Support Functions**

The Card Management System must allow fund managers (budget officers) to view cardholder records for cardholder accounts established under funds they manage to assist them in determining effects on fund management. The system must allow fund managers to view the current cardholders' accounts status in relation to limits placed on the accounts. A display should indicate for each cardholder the total actual and ordered amounts outstanding and remaining balance, and the total amounts of planned transactions and the arithmetic unplanned balance in excess of actual and ordered under the account's limitations (this may be a negative number).

### **6.1.4 Disputes Official Support Functions**

The Card Management Systems must allow the agency disputes official to receive cardholder prepared and approving official concurring reports of transaction disputes and billing errors. This should be done electronically. The disputes official must be able to add information to reports of transaction disputes and billing errors, electronically sign the reports (if necessary), and electronically forward them to the card issuing bank. These electronic reports should be considered legal and sufficient to complete the government's action in these matters.

### **6.1.5 Accounts Payable Support Functions**

6.1.5.1 The Card Management System must support the accounts payable organization of an agency in managing reconciliation of invoices received from the card issuer. Invoice reconciliation literally means each transaction on the invoice has been examined by a cardholder/approving official and either accepted or disputed, and the result has been communicated to the accounts payable organization. (This is analogous to managing the receipt of obligation and receiving documents in accounts payable before payment can be initiated in the traditional procurement process.)

6.1.5.2 To manage the process, the system must identify all cardholder accounts, and the transactions for those accounts, associated with a particular invoice. The system must provide the status of the cardholder statement reconciliation process. The system must provide a means of communications from the accounts payable organization to the cardholder/approving officials, and alternatively, their management, to provide instruction to begin, or reminders to complete, the statement reconciliation process. Once all cardholder statements are accounted for by final cardholder/approving official action, the system should clearly indicate which transactions are undisputed, which are in dispute, the total undisputed amount payable and the total amount in dispute.

6.1.5.3 Once payment has been made for an invoice, all transactions on that invoice that were not in dispute must be identified as paid by the Card Management System.

6.1.5.4 Annually, the system must be able to provide reports, in machine-readable form, identifying each merchant from whom services were purchased during the preceding calendar year. Information for each merchant on the report will include the merchant's taxpayer identification number, name and address of the merchant, and the aggregate amount paid for those services. The purpose is to assist the agency in preparing required tax information reports (1099 Misc.).

## **6.1.6 Card Administration Support Functions**

6.1.6.1 The Card Management System must allow the agency card program administrator to electronically create and update cardholder master records, and activate accounts.

6.1.6.2 The Card Management System must allow the agency card program administrator to electronically create and update master records for agency centrally billed accounts, and activate those accounts.

6.1.6.3 The Card Management System must allow the agency card program administrator to electronically order cards, convenience checks, training materials, reports and any other materials and services available from the card issuer.

6.1.6.4 The Card Management System must allow the agency card program administrator to electronically suspend or cancel a cardholder account. "Suspend" means to temporarily deny authorization to use the account in a purchase transaction when a merchant requests authorization at the point of sale. Otherwise, the account remains open and authorizations can be re-enabled when the card administrator lifts the suspension. "Cancel" means to permanently close an account.

## **6.2 Data Management Functions**

6.2.1 The Card Management System must provide the capability to classify card transactions by the following structures: fund, program, organization, project, activity, cost center, object class, and any other data elements needed to meet the data classification and/or reporting needs of an agency.

6.2.2 The Card Management System must edit accounting classification and cost accounting information whenever it is entered to prevent entry of data inconsistent with an agency's financial classification structure.

6.2.3 Since agency financial classification structures are unique, the Card Management System data structures supporting card transaction classification must be configurable by the agency. The Card Management System must allow the agency to import classification structure and supporting data from an agency's financial management system to enable this function.

## **6.3 Card Management System Interface Requirements**

### **6.3.1 Issuer's System to Card Management System**

6.3.1.1 The Card Management System must be able to receive and process (load) actual transactions from the issuer's system. The interface(s) must be able to distinguish and separate actual transaction data by product line. (Product line means commercial purchase transactions, intra-governmental transactions (IGOTs), travel and entertainment transactions, and fleet (fuel, maintenance) transactions.) Once loaded, any actual transaction matched to a previously recorded planned transaction in the Card Management System must be combined into one transaction record. The amount on the resulting transaction record will be the amount from the incoming actual transaction and the account coding will be taken from the planned transaction, if it has been entered. Alternatively, planned and actual transaction data can be maintained separately in different fields in the transaction record.

6.3.1.2 The Card Management System must be able to create and transmit transaction data to the card issuer's system that represent reports of transaction dispute or billing error, and orders for goods and services available from the issuer, in a format acceptable to the issuer.

### **6.3.2 Card Management Systems to Financial Management Systems**

The Card Management System must be able to create budgetary and expense transactions, and pass them through an interface to create budgetary and expense entries in Agency Financial Management Systems. The reader of this document may find it useful to conceive of the card management as a data entry process for a Financial Management System in attempting to understand the intent of these functional requirements.

#### **6.3.2.1 Commitments:**

The Card Management System must allow the Cardholder to indicate which planned transactions are to be submitted to create commitment records to pass through a systems interface to a financial management system. The system function that creates the commitment records should change the status of the planned transaction from planned to planned and committed. Only planned transactions may be selected by the cardholder for commitment. If required by the Agency financial management system, the Card Management system must allow the cardholder to enter an accounting transaction identification code in the planned transaction record that will appear on the commitment transaction when it is generated.

#### **6.3.2.2 Obligations:**

The Card Management System must allow the Cardholder to indicate which planned transactions are to be submitted to create obligation records to pass through a systems interface to a financial management system. The system function that creates the obligation records should change the status of the planned transaction from planned, or planned and committed, to obligated. Only planned transaction may be selected by the cardholder for obligation. If required by the Agency financial management system, the



Card Management system must allow the cardholder to enter an accounting transaction code in the planned transaction record that will appear on the obligation transaction when it is generated.

#### 6.3.2.3 Expenses:

The Card Management System must allow the Agency accounts payable organization to indicate which actual and split transactions are to be submitted to create expense records to pass through a systems interface to a financial management system. The system function that creates the expense records should change the status of the planned transaction from actual to paid. Only actual and split transactions may be selected by accounts payable for expense.

Transactions that are selected for expense must be actual or split, but may have the additional status of obligated. These transactions must carry the obligating document number (and/or accounting transaction identification code, if any) identifying the prior obligation in the financial management system, and indicate if the payment is final or partial.

(Transactions that are selected for expense must be actual or split, but may have the additional status of committed. This would only occur if a planned transaction was committed but not submitted by the cardholder for obligation when the order was placed. Agencies must provide requirements for resolving this situation.)

#### 6.3.2.4 Asset Management:

The Card Management System must allow the Cardholder to indicate which actual transactions are to be submitted to create asset management records to pass through a systems interface to a financial management system.

### **6.3.3 Financial Management Systems to Card Management Systems**

#### 6.3.3.1 Accounting Transaction Identification Code:

Some financial management systems may use accounting transaction identification codes to uniquely identify commitment and open item entries in that system for the purpose of matching and shorthand coding of future related entries. This code may be generated by the financial management system as a result of processing a commitment or obligation entry. The card management system must be able to receive transactions containing these codes from a financial management systems through a systems interface and store the accounting transaction identification code in the appropriate planned transaction record.

#### 6.3.3.2 Reference Data:

Financial Management Systems are supported by tables or files containing the Agency accounting classification coding structure and codes used. That data is supported by clear text descriptions for the codes. The descriptions are used in reporting functions. In addition, there are edit criteria tables used to limit the relational combinations of individual components of classification data. The Card Management System must be able to import this data from the Financial Management System and incorporate it into

the user entry assistance, edit, and reporting functions of the system. While this data is relatively static, changes may be necessary over time. Consequently, the Card Management System must provide a means of maintenance for this data, either by a new import and total replacement or by selected data updates received from the Agency Financial Management System.

#### 6.3.3.3 Interface Controls:

All interfaces must be subject to operational controls that will prevent duplication, omission, or accidental retransmission of interface data.

## **6.4 Data Requirements and Definitions**

One of the difficulties in describing data requirements and definitions for this document is the variability of definitions depending upon the source of the data definition and the environment of the data. Transaction data, for instance, has four environments:

The primary environment – Sources for data definitions are the Card associations and similar entities ( E.G. VISA, MasterCard, American Express).

The Issuer's System – Sources for data definitions are the issuing financial institutions.

Card Management Systems – Sources for data definitions are this document and the GSA, Federal Supply Schedule Contract for Fleet, Travel, and Purchase Card Services (Solicitation Number FCXC-S9-97001-N)

Financial Management Systems – Sources for data definitions are the JFMIP Framework for Federal Financial Management Systems (January 1995), JFMIP Core Financial System Requirements (September 1995), JFMIP Managerial Cost Accounting System Requirements (February 1998) and systems documentation for the various financial management systems in use by Federal agencies, including those systems offered in the GSA, Financial Management System Schedule.

This document, by reference, includes all of the sources for data definitions, however, the primary focus will be definitions of data required for the Card Management System environment. Data described for interfacing to other systems such as the primary environment or the financial management systems of agencies will be written in terms of Card Management System data. Cross-walking data fields and definitions must be a task for developers.

### **6.4.1 Card Management System Master Record (PURCHASE Cards)**

The Card Management System master file shall be capable of recording the following information:

#### **6.4.1.1 Account/Card Specific Information:**

- a) Account/Cardholder name;
- b) Account number;
- c) Account/Cardholder address (minimum 30 digit alphanumeric field per line, four (4) line work address);
- d) Account/Cardholder area code and telephone number, including fax number;
- e) Account/Cardholder electronic address (if available);
- f) Agency/organization name and address;
- g) Authorization controls ;
- h) Account status; and
- i) Master accounting code (default financial and cost accounting classification).

#### **6.4.1.2 Agency/Organization Program Coordinator (A/OPC) Specific Information:**

- a) A/OPC name (Same as Card Program Administrator, above);
- b) Agency/organization identifying number;
- c) Agency/organization name and address;
- d) Minimum 30 digit alphanumeric field per line, four (4) line work address;
- e) A/OPC electronic address (if available);
- f) Area code and telephone number, including fax number; and
- g) Task order number.

#### 6.4.1.3 Designated Billing Office (DBO) Specific Information:

- a) DBO name (Same as Accounts Payable Organization, above);
- b) Agency/organization identifying number;
- c) Agency/organization name and address;
- d) Minimum 30 digit alphanumeric field per line, four (4) line work address;
- e) DBO electronic address (if available); and
- f) Area code and telephone number, including fax number.

#### 6.4.1.4 Transaction Dispute Office (TDO) Specific Information:

- a) TDO name (Same as Disputes Official, above);
- b) Agency/organization identifying number;
- c) Agency/organization name and address;
- d) Minimum 30 digit alphanumeric field per line, four (4) line work address;
- e) TDO electronic address (if available); and
- f) Area code and telephone number, including fax number.

### 6.4.2 Card Management System Transaction Data

The Card Management System must be capable of recording the following data for each purchase transaction.

#### 6.4.2.1 User Data:

- a) Account name;
- b) Account number;
- c) Agency/organization name;
- d) Agency/organization identifying number;

#### 6.4.2.2 Merchant Data:

- a) Merchant category code;
- b) Merchant/Station name;
- c) Merchant city;
- d) Merchant state;
- e) Merchant zip code;
- f) Merchant TIN;
- g) Merchant telephone;
- h) Merchant 1057 data-minority, women-owned business codes;
- i) Merchant/Station 1099 data; and
- j) Merchant/Station DUNS .

#### 6.4.2.3 Transaction Processing Data:

- a) Debit or credit indicator (i.e., identify whether it was a charge or a credit);
- b) Date of charge/credit ;
- c) Posting date ;
- d) Contractor processing/transaction reference number for each charge/credit;

#### 6.4.2.4 Product/Service Data:

- a) Product/Service code;
- b) Amount of charge/credit ;
- c) Product/Service descriptions (line item detail);
- d) Unit of measure:
- e) Unit cost;
- f) Quantity;
- g) Sales tax amount; and
- h) Discount amount.

#### 6.4.2.5 Shipment/Order Data:

- a) Ship to/from zip codes;
- b) Freight amount;
- c) Duty amount;
- d) Accounting code;
- e) Order date; and
- f) Order number.

#### 6.4.2.6 Transaction Status and Operational Data:

Any additional data necessary to record and maintain the status of the transaction or to control processing to enable the Card Management System Functional Requirements of this document:

- a) Transaction Planning and Order Recording
- b) Commitment
- c) Obligation
- d) Matching incoming transactions to planned (logged) transactions
- e) Splitting transactions
- f) Communications about the transaction among the users of the Card Management System
- g) Cardholder approval/dispute
- h) Approving Official approval/dispute
- i) Dispute reporting
- j) Cardholder Statement/ transaction association
- k) Statement Reconciliation
- l) Invoice/Transaction association
- m) Invoice Reconciliation
- n) Indication whether paid or disputed
- o) Expense reporting (Cost distribution)
- p) 1099 reporting
- q) Determination of account status against limits

### 6.4.3 Interface Records Data

#### 6.4.3.1 Commitment Record Data:

Accounting Classification Codes  
Total Transaction Amount  
Debit/Credit Indicator  
Accounting Transaction Identification Code  
Transaction Date

#### 6.4.3.2 Obligation Record Data:

Accounting Classification Codes  
Total Transaction Amount  
Debit/Credit Indicator  
Obligating Document Number  
Accounting Transaction Identification Code  
Transaction Date

#### 6.4.3.3 Expense Record Data:

Accounting Classification Codes  
Total Transaction Amount  
Debit/Credit Indicator  
Obligating Document Number  
Accounting Transaction Identification Code  
Final Payment Indicator  
Transaction Date

#### 6.4.3.4 Asset Management Record Data:

Level 3 Line item data

## **Glossary**

**1099:** 26 U.S.C. 6050M, as implemented in 26 CFR, requires Federal agencies to report the following information based on the requirements of FAR 4.902: (1) Name, address and the Taxpayer Identification Number of contractor; (2) Name and TIN of common parent (if any); (3) Date of the contract action; (4) Amount obligated on the contract action; and (5) Estimated contract completion date. 26 U.S.C. 6041 and 6041A, as implemented in 26 CFR, in part, requires payors, including Federal Government agencies, to report to the IRS payments made to certain contractors. The following payments are exempt from this reporting requirement: (1) Payments for bills for merchandise, telegrams, telephone, freight, storage, and similar charges. (2) Payments of income required to be reported on an IRS Form W-2 (e.g., contracts for personal services). (3) Payments to a hospital or extended care facility described in 26 CFR 501(c)(3) that is exempt from taxation under 26 CFR 501(a). (4) Payments to a hospital or extended care facility owned and operated by the United States, a state, the District of Columbia, a possession of the United States, or a political subdivision, agency, or instrumentality of any of the foregoing. (5) Payments for any contract with a state, the District of Columbia, a possession of the United States, or a political subdivision, agency, or instrumentality of any of the foregoing.

**Account Setup Information:** Specific information required for each card/account so that an active card/account can be established. This information is supplied by each ordering agency/organization to the issuer. Reference: Master File.

**Accounting Classification/Accounting Code:** Coded data elements used in financial management systems to classify transactions for accounting and reporting. These include codes to identify fund, organization, project, activity, cost center, object class, and other characteristics of the transaction to meet the accounting classification and/or reporting needs of an agency.

**Accounting Transaction Identification Code:** A device used in some financial management systems to uniquely identify commitment and/or open item entries in that system for the purpose of matching and shorthand coding of future related entries. In some financial management systems this code is generated by the financial management system as a result of processing a commitment or obligation entry. The card management system must be able to receive transactions from such financial management systems and store the accounting transaction identification code in the appropriate planned transaction record. In other financial management systems that use such a device, the accounting transaction code is issued by a fund manager and must be part of the commitment or obligation transaction. To accommodate these systems, the card management system must allow the cardholder to enter the accounting transaction identification code received from the fund manager on transaction records submitted for commitment or obligation.

**Accounts Payable Office:** (See Designated Billing Office)

**Acquirer:** a financial organization that processes card sales transactions and provides payment to merchant accounts.

**Actual Transaction:** A transaction received by a Card Management System, through an interface from an issuer's system, for a purchase from a merchant or government merchant activity.

**Agency:** The highest level of responsibility for an entity authorized to use the card/account. This may be an Administration, Agency, Board, Commission, Corporation, Department, Foundation, Institute, etc. The agency is then further broken down to include sub-elements of the agency (e.g., bureau, service, activity, component, division, office, etc.).

**Agency Location Code (ALC):** An ALC is a 3, 4, or 8-digit symbol that uniquely identifies each agency that reports payments and collections to the Financial Management Service of the Department of the Treasury. It is similar to a bank account number. An 8 digit numerical ALC is used for agencies that use Treasury for disbursing of funds. The first two digits refer to the agency, the next two digits refer to the Bureau, and the last four digits refer to the particular agency accounting station. A 4 digit numerical code is used for agencies which have their own disbursing authority, i.e. DOD. A 3 digit ALC is used to identify Treasury Financial Centers.

**Agency/Organization Accounts:** A card/account issued in the agency/organization name.

**Agency/Organization Identifying Number:** Provided in Federal Information Processing Standards (FIPS), Publication 95-1, these are codes for the identification of Federal and Federally-Assisted Organizations. This standard provides a four-character identifier for each organization. The set of identifiers defines a standard data element. The two leftmost characters form a component data element which is identical with the two-digit numerical code used in the Federal budgetary process to identify major Federal organizations. Agency/Organization Identifying Numbers may be downloaded from the Internet at:

**<http://www.nist.gov/itl/csl/fips/fips95-1.txt>**

Note: The Social Security Administration should be identified as 2800, not 7550. The information contained at the Web site may not be current, accurate or complete—contractors should verify the agency/organization identifying number at the task order level.

**Agency/Organization Level:** Any hierarchy level established by the agency/organization.

**Agency/Organization Program Coordinator (A/OPC):** An individual that may be designated by the ordering agency/organization to perform task order contract administration within the limits of delegated authority and to manage the card program for the agency/organization. This individual has overall responsibility for the card program(s) within their agency/organization, and may determine who participates in the card program(s). Typical A/OPC responsibilities are addressed in the Addendum to Clause 52.212-4, paragraph 32, Agency/Organization Program Coordinator (A/OPC) in the GSASmartPay contracts. Multiple levels of program coordinators are anticipated



within different hierarchies or at different hierarchical levels within the program for each agency/organization.

**Association:** An organization of financial institutions that promulgates the rules and regulations for operations of branded card products. (e.g. Visa, MasterCard)

**Authorization:** The process of verifying that a purchase being made is within the authorization controls at the point of sale.

**Billing Error:** (See Transaction Dispute)

**Budgetary Transactions:** Commitment and Obligation transactions.

**Card Program Administrator:** (See Agency/Organization Program Coordinator)

**Commitment:** An entry in a Financial Management System representing a reservation of a specific amount from a fund for some planned purpose.

**Committed Transaction:** A Planned Transaction in a Card Management System which was submitted by a cardholder for creation of a Commitment Transaction.

**Commitment Transaction:** An interface record from a Card Management System for the purpose of creating a commitment entry in a financial management system.

**Convenience Check:** Issuer-provided product and service that allow checks to be written on a card/account within established dollar limits.

**Designated Billing Office (DBO):** The office or third party entity that may be designated by an agency/organization to receive the official invoice and, in some instances, make payments against the official invoice. Typical DBO responsibilities are addressed in the GSASmartPay contract in the Addendum to Clause 52.212-4, paragraph 33, Designated Billing Office (DBO).

**Electronic:** A method of communication whereby information is disseminated by floppy disk, optically stored media, magnetic tape, computer disks, microfiche, microfilm, computer to computer communications via modem, Networks (value added), facsimile, or other electronic method of dissemination. It includes file transmissions through PC-based, CPU -to- CPU or other communications protocol.

**Expense:** An entry in a Financial Management System of a cost or expenditure properly classified for a financial cost component (eg. Fund, organization, project, activity, object class, etc.)

**Expense Record:** An interface record from a Card Management System for the purpose of creating an expense entry in a financial management system. An expense record may represent partial or final payment against an obligation entry created earlier from an obligation record.

**Expense Transaction:** An actual or split transaction in a Card Management System that has been submitted by accounts payable to create an expense record.

**Format(s):** Arrangement of information for a particular purpose.

**Invoice:** A demand for payment (or equivalent) received by and Agency from an Issuer containing or referring to a list of specifically identified actual transactions for a period.

**Issuer:** a financial organization that issues cards to buyers, services buyers' accounts, and collects/distributes funds from buyer's organizations to reimburse acquirers for payments to merchants.

**Level 1 Data:** Standard commercial transaction data which includes the total purchase amount, the date of purchase, the merchant's name, city/state, debit/credit indicator, date charge/credit was processed by the contractor; contractor processing/transaction reference number for each charge/credit, and other data elements as defined by the Associations or similar entity.

**Level 2 Data:** Adds additional data to Level 1 data about each purchase which includes merchant category code, sales tax amount, accounting code, merchant TIN, minority/women owned business codes, 1099 status and merchant zip code, and other data elements as defined by the Associations or similar entity.

**Level 3 Data:** Full line-item detail in addition to the data in Level 2 which includes unit cost, quantities, unit of measure, product codes, product descriptions, ship to/from zip codes, freight amount, duty amount, order date, discount amount, and order number, and other data elements as defined by the Associations or similar entity.

**Master File:** This file is maintained in the Card Management System and communicated to the Issuer. It contains all essential account information for each purchase card account. (See Card System Master Record).

**Merchant:** a vendor that accepts cards in payment for goods/services.

**Merchant Category Code:** An issuer-assigned categorization of the type of business the merchant is engaged in and the kinds of goods and services provided. These codes are used as an authorized transaction type code on a card/account to identify those types of businesses who provide goods and/or services that are authorized.

**Obligation:** An entry in a Financial Management System representing a legal requirement to pay a specific amount from a fund for goods or services ordered, but not yet received, by the Government. (Sometimes called an Open Order.)

**Obligated Transaction:** An Ordered Transaction that has been submitted by a cardholder for the creation of an Obligation Transaction.

**Obligation Transaction:** An interface record from a Card Management System for the purpose of creating an obligation entry in a financial management system.

**Obligation Document Number:** An alphanumeric identification number assigned to an obligating document (e.g. A purchase order number or contract number).

**Open Order:** (See Obligation)

**Ordered Transaction:** A record created by a Cardholder in a Card Management System of an order for goods or services not yet received. This record may have been preceded by a Planned Transaction, and created by changing the status of that transaction from planned to ordered.

**Paid Invoice:** An invoice that has been paid by an agency.

**Paid Transaction:** An actual transaction appearing on a paid invoice, and any split transactions resulting from such an actual transaction.

**Planned Transaction:** A record created by a Cardholder in a Card Management System of an anticipated future purchase transaction. A planned transaction may or may not precede an Ordered Transaction.

**Signature:** Discrete, verifiable symbol of an individual affixed to a document, with the knowledge and consent of the individual.

**Split Transactions:** One or more transactions in a Card Management System created by a Cardholder that represent a division of an Actual Transaction and used to distribute the original transaction amount to different accounting classification codes. The sum of the transaction amounts on split transactions must equal the original actual transaction amount.

**Status:** Any device used in a card management system to indicate the state of a transaction and effectively distinguish one state from another for specific functions. The state of a transaction depends upon where it is in the management process, user actions, and various system functions. A transaction can have multiple simultaneous statuses, though some are mutually exclusive. The functional and interface requirements describe the various transaction statuses and their relationships.

**Taxpayer Identification Number (TIN):** A TIN is the number required by the Internal Revenue Service (IRS) to be used in reporting income tax and on other returns. This may be either a Social Security Number (SSN) or Employer Identification Number (EIN). (Reference 1099)

**Transaction Dispute (or Billing Error):** A disagreement between the cardholder or account holder and the merchant with respect to a transaction.

**Transaction Dispute Office (TDO):** The office that may be designated by the ordering agency/organization that assists the agency/organization and the issuer in tracking and resolving disputed purchases or transactions.